



Terms and conditions  
RE-P-2018-02

# Terms and conditions of Research England grant

## Terms and conditions of UK Research and Innovation funding administered through Research England

This document sets out the terms and conditions for payment of UK Research and Innovation grants to higher education institutions administered through Research England, for the period to 31 July 2019. This document should be read in conjunction with the terms and conditions of OfS grant and 'funding agreement' between the OfS and the institutions it funds. Together, these documents supersede HEFCE 2017/08.

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# Foreword by David Sweeney

The Higher Education and Research Act 2017 establishes UK Research and Innovation (UKRI) as a new body to oversee and support the majority of publicly funded research and innovation activity in the UK. Research England is established a new Council with UKRI, with delegated funding and regulatory responsibilities for university research and knowledge exchange in England.

Research England is the Council within UKRI that creates and sustains the conditions for a healthy and dynamic research and knowledge exchange system in English universities. Working closely with the Research Councils and Innovate UK, and with our partner funding bodies in the devolved administrations, we ensure that our nation's universities are effectively supported and encouraged to deliver excellent research with impact and world-leading knowledge exchange.

UKRI is a non-departmental public body. This means that while UKRI's remit (and the remits of its councils) are set by the Secretary of State for Business, Energy and Industrial Strategy, UKRI is not part of any government department. The 2017 legislation provides clear protections for academic freedom and institutional autonomy under the Haldane principle and the 'dual support' system for research funding. These protections enable UKRI and its councils to make investments that deliver excellent research, that promote and incentivise impact, and that support high-performance knowledge exchange and business-led innovation. These protections also enable Research England to act as a broker between universities and the Government ensuring the appropriate institutional freedom for research and knowledge exchange.

Research England's funding powers under the 2017 Act are linked to the definition of eligible higher education providers as set by the Office for Students (OfS) and prescribed in detail by the OfS' regulatory framework. The regulatory framework is not effective until 1 August 2019, and for the transitional period between 1 April 2018 and 31 July 2019, interim arrangements are required. These interim arrangements will allow for Research England and OfS to continue to operate under the legal provisions of the Further and Higher Education Act 1992, which established the Higher Education Funding Council for England (HEFCE), the predecessor body to Research England and OfS. These interim arrangements include continuing with the HEFCE accountability framework over the transitional period.

This mixture of transitional legal and regulatory arrangements prevents the Secretary of State from framing his conditions of grant to Research England by reference to specific institutions, or to particular courses of study or programmes of research, or to the criteria for the selection and appointment of academic staff or for the admission of students. This is designed to safeguard both institutional and academic autonomy, which are widely regarded as key factors in the success of English higher education. The 2017 Act provides similar restrictions. We strongly endorse this.

The principle of institutional autonomy and the systems of regulation on which it depends relies on clear lines of accountability for the proper stewardship of public funds and on being able to demonstrate to Parliament and the public that, in the exceptional circumstance when something goes wrong, there is a clear mechanism to put it right. The purpose of these terms and conditions of funding is to provide this clarity and assurance by defining the formal relationship between UKRI (operating through Research England), governing bodies and heads of institutions.

Higher education in England is made up of a diverse range of institutions of varying size and complexity. To give expression to the principle of autonomy, every institution is headed by a governing body which is unambiguously and collectively responsible for overseeing the institution's activities, determining its future direction, and fostering an environment in which the institutional mission is achieved and the potential of all students (including postgraduate research students) is realised. The governing body ensures compliance with the statutes, ordinances and provisions regulating the institution and its framework of governance. Research England's funding is provided explicitly to the governing body as the institution's ultimate authority.

As accounting officer, the chief executive of UKRI has a personal responsibility to safeguard public funds and achieve value for money as set out in HM Treasury guidance, 'Managing Public Money'. This includes responsibility for the public funds allocated by Research England to universities for research, knowledge exchange and associated purposes. The Executive Chair of Research England makes a clear personal contribution to fulfilling this responsibility, in line with the delegated responsibilities defined by legislation.

The approach to accountability described above draws on the expertise and diligence of governors, the effective academic management of institutions and (building on HEFCE's approaches) a relationship of trust between Research England and English universities which serves higher education extremely well.

Research England, in turn, has a responsibility to promote and protect the wider public interest, particularly in relation to the funding we provide. We routinely assess the quality of research, enabling us to fund research selectively by supporting excellence wherever it is found, and promoting vibrant PhD and post-doctoral communities. We monitor and evaluate institutions' performance in knowledge exchange, enabling us to target funding at successful areas and maximise the economic and social impact of institutions research and education activities. And we will work closely with individual institutions, representative bodies and the OfS to understand the priorities, risks and sustainability of universities and the wider research and knowledge exchange system as a whole.

David Sweeney  
Executive Chair, Research England

# Terms and conditions of UK Research and Innovation funding administered through Research England

To	Heads of Research England-funded higher education institutions
Of interest to those responsible for	Finance, Governance
Reference	RE-P-2018-02
Publication date	April 2018
Enquiries to	<a href="mailto:termsandconditions@re.ukri.org">termsandconditions@re.ukri.org</a>

## Purpose of this document

1. The terms and conditions of UK Research and Innovation funding administered through Research England (the 'terms and conditions') set out the formal relationship, in the form of terms and conditions made under section 65 of the Further and Higher Education Act 1992, between UK Research and Innovation (UKRI) and the higher education institutions (HEIs) that it funds, and their governing bodies and accountable officers, in relation to UKRI funds administered through Research England. References to Research England (and 'we', 'us', 'our') in these terms and conditions relate to UKRI functions that are to be exercised by its Research England council<sup>1</sup>, but should be read as including UKRI, which retains responsibility for those functions. These terms and conditions reflect UKRI's responsibility to provide annual assurances to Parliament that:
  - funds provided to us are being used for the purposes for which they were given
  - risk management, control and governance in the higher education (HE) sector are effective
  - value for money is being achieved.

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<sup>1</sup> Research England is established as a committee in law.

2. These terms and conditions are transitional for the period to 31 July 2019; UKRI may make material revisions to these for future years and, if so, will consult on the new terms and conditions during 2018-19. These terms and conditions should be read in conjunction with the terms and conditions of OfS funding and the funding agreements between the OfS and the institutions it funds. Together, these documents supersede HEFCE 2017/08.
3. Under the Higher Education and Research Act 2017, Research England has assumed certain responsibilities from the Higher Education Funding Council for England (HEFCE). The Office for Students has assumed other responsibilities from HEFCE (relating to teaching and related activities) and those of the Director of Fair Access to Higher Education. In relation to financial years (April to March) and academic years (August to July) up to 2017-18 inclusive, terms and conditions of grant previously specified by HEFCE and agreements made by the Director of Fair Access to Higher Education continue to apply. Research England and OfS will, individually or together as they consider appropriate, continue to monitor compliance with HEFCE terms and conditions of grant and take action against institutions that are found to be in breach of them. This includes (but is not limited to):
  - a. Recalculating and adjusting grants previously announced where these are found to have been informed by incorrect data from institutions.
  - b. Monitoring continued compliance with regulated fee limits and any access agreement(s) with the Director of Fair Access to Higher Education in relation to students recruited in any year up to 2018-19 and taking action (including imposing financial requirements on an institution) if non-compliance is found.
4. Research England and OfS will agree which of them will take such action for breaches of HEFCE terms and conditions according to the following general principles:
  - a. Research England will take action in relation to recurrent and capital grants that relate primarily to research and knowledge exchange activities and research students.
  - b. OfS will take action in relation to recurrent and capital grants that relate primarily to teaching activities and taught students.
  - c. OfS will take action where an institution does not comply with the provisions of an access agreement with the Director of Fair Access to Higher Education or regulated tuition fee limits.
5. 'HEI' means the HEI including its **related undertakings**, as defined in Annex B, unless such undertakings are subject to separate terms and conditions directly with Research

England and funding agreement directly with the OfS, have been designated by the Secretary of State as institutions in the further education sector which have their own contract with the Education and Skills Funding Agency, or are schools as defined by section 4 of the Education Act 1996.

6. The terms and conditions set out the mandatory requirements placed on HEIs as conditions of grant.
7. HEIs are bound by the requirements of their charter and statutes (or equivalent) and by the law relating to their charitable status. This document does not supersede those requirements but is intended to complement and reinforce them.
8. This document, including the Audit Code of Practice (Annex A), takes effect from 1 April 2018.

## Requirements of other bodies

9. It is a condition of Research England grant that HEIs in receipt of Research England grant funding subscribe to the Quality Assurance Agency for Higher Education. This relates to the provision of postgraduate research degrees, the supervision costs of which are supported by Research England funding. It is also a condition of Research England grant that HEIs subscribe to and provide data or other information requested by the Higher Education Statistics Agency (HESA).
10. Under the Higher Education Act 2004 HEIs are required to subscribe to the Office of the Independent Adjudicator. This relates to the provision of postgraduate research degrees, the supervision costs of which are supported by Research England funding.
11. HEIs must ensure compliance with European Union state aid law in their own uses of Research England funding. In the case of any breach of state aid law we may be required to recover all or some funding, together with interest. Research England may also be required to withhold funding or aspects of funding to any institution which is subject to a state aid enquiry or which has an outstanding recovery notice against it.

## Our responsibilities

12. Research England provides grant funding for the undertaking of research and related activities<sup>2</sup> by those universities, institutions conducted by higher education corporations,

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<sup>2</sup> Including knowledge exchange.

and institutions of higher education designated as eligible to receive Research England grant funding (collectively referred to as 'higher education institutions' or 'HEIs').

13. As such we will endeavour to work with HEIs and others in the higher education sector to the highest standards of openness, integrity and consistency expected of public sector bodies. We recognise that HEIs are autonomous bodies and acknowledge that they accept that they are accountable for the funding they receive. We will not ask for information that we already have, and as far as possible we will rely on data and information that HEIs have produced to meet their own needs. We will make regulation efficient and effective and seek to ensure that its benefits outweigh the costs to HEIs, ourselves and other parties.
14. We will respect commercial confidentiality within the constraints of the Freedom of Information Act 2000 and our own obligations to Parliament and under the framework document with our sponsor department.
15. Our grants to HEIs are to fund certain activities defined by the Further and Higher Education Act 1992. These are:
  - undertaking research
  - providing facilities and undertaking activities that the HEI's governing body thinks are necessary or desirable for undertaking research
  - providing education or facilities for education as applicable.<sup>3</sup>

## Responsibilities of higher education institutions

16. HEIs are required to supply Research England with certain information about their viability and the way they operate, because we have responsibility to protect the public interest and collective student interest in relation to institutions' research and knowledge exchange activities and their use of Research England funding.

## Regularity and propriety

17. HEIs must use Research England funds only for activities that are eligible for funding under the Further and Higher Education Act 1992, as this is the intended purpose for which the funds have been provided by Parliament. When using these grants HEIs should ensure they apply proper processes that ensure effective accountability.

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<sup>3</sup> Related to knowledge exchange activities.



18. This requirement also applies where the HEI passes on part of its Research England grant to another legally distinct entity for the provision of research or knowledge exchange facilities or for research or knowledge exchange to be undertaken. In such cases, as set down in Section 65(3A) of the Further and Higher Education Act 1992, the HEI must obtain our consent before passing Research England funds to the connected institution. In these circumstances the HEI awarded the funding by Research England will be held accountable for those funds; and the HEI should therefore ensure adequate accountability arrangements are in place when it passes on such funding to another entity.
19. Members of HEI governing bodies and accountable officers should comply with the seven principles set out by the Committee on Standards in Public Life.
20. Governing bodies and accountable officers are accountable for their decisions and actions, and must submit themselves to whatever scrutiny is appropriate to their office. They should also be as open as possible about all the decisions and actions that they take that may affect funding provided by Research England.

## Governing bodies

21. Members of governing bodies of HEIs have a set of legal responsibilities and other duties. Taken together, the responsibilities of members of a governing body and of the governing body as a whole are considerable, and must be met. The governing body of an HEI is collectively responsible and has ultimate responsibility that cannot be delegated for overseeing the HEI's activities, to determine its future direction, and to foster an environment in which the HEI's mission is achieved. In accordance with the HEI's own statutes and constitution, there should be effective arrangements for providing assurance to the governing body that the HEI:
  - a. Has a robust and comprehensive system of risk management, control and corporate governance. This should include the prevention and detection of corruption, fraud, bribery and irregularities.
  - b. Has regular, reliable, timely and adequate information to monitor performance and track the use of public funds.
  - c. Plans and manages its activities to remain sustainable and financially viable.
  - d. Informs us of any change in its circumstances which is a material change, including any significant developments that could impact on the mutual interests of the HEI and Research England.

- e. Uses public funds for proper purposes and seeks to achieve value for money from public funds.
- f. Complies with the mandatory requirements relating to audit and financial reporting, set out in the Audit Code of Practice and in the OfS' accounts direction.
- g. Sends:
  - i. To OfS the annual accountability return.
  - ii. Other information we or OfS may reasonably request.
  - iii. Any data requested on our or on OfS's behalf by HESA.
- h. Has effective arrangements for the management and quality assurance of data submitted to us, HESA, the Student Loans Company, OfS and other funding or regulatory bodies. Research England reserves the right to use and publish its own estimates of data, where we are not satisfied that the HEI's data are fit for purpose. Research England also reserves the right not to publish data. Responsibility for the quality of data used for internal decision-making and external reporting, which must be fit for purpose, rests with the HEI itself. Data submitted for funding purposes must comply with directions published by HEFCE (previously), OfS and Research England; if in doubt about the reporting of research or knowledge exchange data, an HEI should ask Research England and OfS to provide an authoritative, written ruling.
- i. Has an effective framework – overseen by its senate, academic board or equivalent – to manage the quality of learning and teaching and to maintain academic standards.
- j. Considers OfS's assessment of its risk status, engages with OfS during the risk assessment process, and takes action to manage or mitigate the risks that OfS and Research England agree upon.

## Accountable officer

22. The head of an HEI is first and foremost responsible for leadership of the academic affairs and executive management of the HEI. The appointment (or dismissal) of the head of an HEI is governed by employment law, and this is clearly the responsibility of the governing body. Research England has no role, rights or responsibilities in relation to the appointment (or dismissal) of the head of an HEI. We presume that in a case where a head of an HEI does not discharge his or her duties or acts improperly the governing body will take appropriate action.

23. Under these terms and conditions, the governing body is responsible for the use of public funds. To assist and enable it to discharge this responsibility and to provide clear accountability, the governing body will designate a senior officer, normally the head of the HEI, as the 'accountable officer': that is, the officer who reports to Research England on behalf of the HEI. The accountable officer for Research England purposes should be the same person as the accountable officer for OfS purposes.
24. The accountable officer is personally responsible to the governing body for ensuring compliance with the terms and conditions in this document and for providing Research England with clear assurances to this effect.
25. The accountable officer is also required to report to Research England or OfS as the case may be on behalf of the HEI in relation to the requirements set out in paragraph 21. In exceptional circumstances Research England may take the view that the accountable officer is failing to meet these responsibilities. Faced with this position Research England would be obliged to respond in a fair, reasonable and proportionate way.
26. If, in the judgement of the executive chair of Research England, there is evidence of serious failure in relation to the oversight and management of public funds administered through Research England, (s)he will raise this as appropriate with the accountable officer concerned, the chair of the governing body or both; provide the relevant evidence; and seek and consider a response. Experience suggests that most difficulties can be resolved through this process.
27. In extremis, and after all due process has been exhausted, the executive chair of Research England and the OfS chief executive may conclude that the accountable officer is unable or unwilling to meet his or her responsibilities under the terms and conditions. OfS may then ask the governing body to appoint someone else to report to OfS and Research England on behalf of the HEI. In taking this action OfS and Research England will not seek to influence the employment relationship between the governing body and the head of the HEI. The governing body is clearly entitled to maintain the head of the HEI in post. However, the governing body would then have to designate another senior officer as the accountable officer, and adjust the roles and responsibilities of the head of the HEI accordingly.
28. The HEI's accountable officer, the chair of the governing body or both may be required to appear before the Public Accounts Committee alongside the executive chair of Research England and the UKRI chief executive in his or her role as accounting officer, on matters relating to grants to the HEI.
29. In the event of a prolonged absence from work or a sudden departure by the accountable officer, the clerk to the HEI's governing body must ensure that Research England is made aware immediately of the identity of the interim accountable officer.

## Provision of information to Research England

30. Our information requirements are set out in these terms and conditions and in guidance on returns. It is a condition of grant that HEIs provide the requested accountability or other information. We keep these information requirements under review to ensure we only ask for the information we need.
31. OfS has published an accounts direction: HEIs and their external auditors must comply with them. The accounts directions state financial reporting requirements of both OfS and Research England.
32. The data required, as part of the terms and conditions attached to the funding for the 2017-18 and 2018-19 academic years, includes the data collected by the Higher Education Statistics Agency (HESA) during and/or for the 2017-18 and 2018-19 academic years. This data enables Research England to monitor the delivery of research and knowledge exchange, and informs the consideration of funding.
33. An **institution** must include all its registered students for the institution's reporting obligations relating to students under paragraph 32. 'Institution' means the institution including its **related undertakings**, as defined in Annex C, unless such undertakings are subject to separate terms and conditions directly with Research England and funding agreement directly with the OfS, have been designated by the Secretary of State as institutions in the FE sector which have their own contract with the Education and Skills Funding Agency (ESFA), or are schools as defined by section 4 of the Education Act 1996 or multi-academy trusts.
34. Compliance with the code of practice for higher education data collections<sup>4</sup> is a condition of grant for all institutions. Each HEI is required to confirm in its annual assurance return to the OfS that it complies with the code of practice.
35. The institution agrees that non-statutory bodies which perform a function for the higher education sector, specifically the Student Loans Company, may provide to Research England such information (including financial information) relating to students at the institution as Research England may require for the purposes of the exercise of any of its functions under the Education Acts. These functions include the allocation and monitoring of funding and student numbers and the provision of advice to the Secretary of State. Research England will notify the institution in advance of any data request it may make to such bodies.

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<sup>4</sup> Available at [www.hesa.ac.uk/content/view/3685](http://www.hesa.ac.uk/content/view/3685)

## Research integrity

36. Compliance with the concordat to support research integrity<sup>5</sup> is a condition of grant for all HEIs eligible to receive the research funding administered through Research England. Each HEI is required to confirm in its annual assurance return to the OfS that it complies with the concordat, particularly in relation to its recommendations for internal processes and guidance, and for staff training. OfS will notify Research England of the assurances provided by HEIs in the annual assurance return.

## Sustainability of universities and colleges

37. HEIs should have a financial strategy that reflects their overall strategic plan, sets appropriate benchmarks and performance indicators, shows how resources are to be used, and how activities and infrastructure will be financed. This should include how the HEI assesses and reviews its own sustainability, including the use of sustainability assessments.
38. To remain sustainable and financially viable HEIs should also assess, take and manage risks in a balanced way that does not overly constrain freedom of action in the future.
39. We normally expect that an HEI will make a surplus in line with its financial strategy for sustainability, and thus that its unrestricted reserves will grow over time, all other things being equal. A series of deficits, even if covered by unrestricted reserves, might cause us concern, as could low levels of liquidity or increased financial commitments. In such cases we would expect to work with OfS in any discussions with the HEI about its financial performance and strategy, to understand how sustainability is assessed and to be maintained including, if appropriate, through an agreed action plan. We would expect financial strategies to include how the HEI intends to address pension scheme deficits, including participation in multi-employer pension scheme recovery plans.
40. HEIs must submit the Transparent Approach to Costing (TRAC, TRAC for teaching (TRAC[T]), and TRAC for Research (TRAC[R]) returns to OfS<sup>6</sup>. This must be approved by a lay committee of the governing body prior to submission. OfS will share the TRAC and TRAC(R) returns with UKRI.
41. HEIs must apply the following principles when entering into any financial commitments:

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<sup>5</sup> See [www.hefce.ac.uk/rsrch/integrity/](http://www.hefce.ac.uk/rsrch/integrity/).

<sup>6</sup> [http://www.hefce.ac.uk/funding/finsustain/trac/#TRAC\\_Guidance](http://www.hefce.ac.uk/funding/finsustain/trac/#TRAC_Guidance)

- a. The risks and affordability of any new on- and off-balance sheet financial commitments must be properly considered.
  - b. Financial commitments must be consistent with the HEI's strategic plan, financial strategy and treasury management policy.
  - c. The source of any repayment of a financial commitment must be clearly identified and agreed by the governing body at the point of entering that commitment.
  - d. Planned financial commitments must represent value for money.
  - e. The risk of triggering immediate default through failure to meet a condition of a financial commitment should be monitored and actively managed.
42. The primary responsibility for assessing the affordability of, and risks around, financial commitments rests with HEIs' governing bodies. The OfS will assess whether any financial commitments entered into by an HEI present challenges to the HEI's sustainability that could impact adversely on the past and continuing public investment in an HEI, become a call on public funds, or adversely affect the collective student interest. An institution must get written permission from OfS before it agrees to any new financial commitments where it is assessed as being at higher risk or is in focused dialogue. Annex B of the terms and conditions of OfS funding sets out what information OfS needs to assess requests to increase financial commitments above the threshold, where an institution needs OfS's approval to agree new financial commitments.
43. If an HEI does not meet the criteria it will not need to seek the OfS's approval before it increases its financial commitments. It will, however, need to include any planned future borrowing in its financial forecasts. If an HEI not included an increase in financial commitments in its forecasts it must report material changes in its financial performance and position relative to its submitted forecasts. It is likely that significant increases to its financial commitments will trigger this reporting requirement. The HEI will need to provide detailed information about its new financial commitments as part of that reporting. This will allow the OfS to:
- Consider the impact of this borrowing on the HEI's financial sustainability.
  - Decide whether the OfS needs to change the HEI's risk status or the level of engagement that it has with the HEI.
  - Ask the HEI to develop an action plan to mitigate increased risk if the OfS decides to increase the HEI's risk status or level of engagement – this will provide the OfS with a similar level of assurance to that gained by HEFCE through the conditions it imposed through its financial commitment approval process.

44. An institution should determine the level of its financial commitments that are both affordable and consistent with its financial strategy. In any case presented, the OfS asks the institution to demonstrate this, to show that the proposal represents good value, and to confirm the approval of its governing body.
45. As part of ensuring its long-term viability, an HEI should know the full cost of its activities and use this information in making decisions. If it does not seek to recover the full cost, this should be the result of a clear policy set by the governing body and included in the financial strategy, and should not put the HEI in financial difficulty. We do not expect public funds to subsidise non-public activities.
46. HEIs should manage their estate in a sustainable way, in line with an estates strategy. HEIs are required to have carbon management plans in accordance with guidance in HEFCE 2010/02<sup>7</sup>, and performance against these plans is a factor in determining future capital allocations.

## Material adverse events

47. The HEI's accountable officer must report any material adverse change without delay – such as a significant and immediate threat to the HEI's financial position, significant fraud<sup>8</sup>, or impropriety or major accounting breakdown – to all of the following:
- the chair of the HEI's audit committee
  - the chair of the HEI's governing body
  - the HEI's head of internal audit
  - the external auditor
  - the OfS at [regulation@officeforstudents.org.uk](mailto:regulation@officeforstudents.org.uk) (which will inform the Executive Chair of Research England).

## Other significant events

48. The HEI's accountable officer must also inform OfS about major changes in strategy, plans for major restructuring or merger with another institution or organisation. The HEI's accountable officer must also inform Research England about major changes in research and knowledge exchange strategies.

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<sup>7</sup> See [www.hefce.ac.uk/pubs/year/2010/201002/](http://www.hefce.ac.uk/pubs/year/2010/201002/)

<sup>8</sup> Defined as fraud of £25,000 or higher.



49. The governing body must inform the OfS without delay of the removal or resignation of the external or internal auditors before the end of the term of their appointment.

## Contributing to meeting policy objectives

50. Institutions receiving recurrent funding for knowledge exchange for the 2017-18 or 2018-19 academic years, whether from HEFCE or Research England, are required to comply with annual monitoring arrangements described in 'Higher Education Innovation Funding: Institutional five-year knowledge exchange strategies' (HEFCE 2016/16), or as may be notified separately by Research England. These monitoring arrangements are to report on the progress of the institution's five-year knowledge exchange strategy. Research England may withhold funding from the institution if it does not comply with monitoring arrangements, or if monitoring reveals that the institution is not achieving sufficient progress against its knowledge exchange strategy.
51. The mainstream quality related research funding (QR) and its London weighting for 2017-18 includes an allocation from the Global Challenges Research Fund (GCRF) (on the 2017-18 recurrent grant Table A issued by HEFCE). GCRF funds should be used to support cutting edge research that addresses the challenges of economic development and well-being faced by developing countries on the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) list<sup>9</sup>. Within the aforementioned limits, acceptable use of funds would include: capacity and capability building; challenge-led interdisciplinary and collaborative research; impact generation activity; pump-priming activity; rapid response to emergencies with an urgent research need; and meeting the full economic costs (FEC) of eligible research funded from other sources. Institutions should seek advice from Research England on the acceptability of any other uses they propose for the GCRF funding by emailing [globalchallenges@re.ukri.org](mailto:globalchallenges@re.ukri.org). Institutions receiving this funding are required to comply with annual reporting arrangements. As part of these reporting arrangements we will expect institutions to confirm, at the end of the academic year, that they have spent their allocation and used it in accordance with the terms of the funding and provide examples to evidence the benefits of the spend.
52. HEIs in receipt of GCRF allocations from Research England for 2018-19 must produce a three-year strategy for their QR GCRF allocations that is assessed as complying with the Official Development Assistance (ODA) conditions for this funding<sup>10</sup>. It is also a condition

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<sup>9</sup> The DAC list is available from [www.oecd.org/dac/stats/daclist.htm](http://www.oecd.org/dac/stats/daclist.htm).

<sup>10</sup> Guidance on ODA is available at: <https://www.ukri.org/research/global-challenges-research-fund/criteria-of-funding/>



of funding that HEIs in receipt of GCRF allocations comply with annual monitoring exercises of the fund conducted by Research England.

53. All HEIs that have an access agreement with the Director of Fair Access to Higher Education for 2017-18 and/or 2018-19 (or as subsequently agreed with the OfS) are required to submit a monitoring return to OfS relating to each year. These returns are required so that OfS can monitor the extent to which institutions have met the obligations set out in their access agreements and the progress they have made against their milestones and targets. OfS will use this information in determining whether institutions may have failed to comply with any provision of their approved plan. Further details about monitoring requirements will be provided separately by OfS.

## Conditions of grant on regulated fees

54. It is a condition of the teaching and research grant provided for the 2017-18 and 2018-19 academic years by HEFCE, OfS and Research England that the institution complies with tuition fee regulations and the terms of any access agreement in force as agreed with the Director of Fair Access to Higher Education or the OfS. The condition that applies for 2017-18 and 2018-19 and the action that may be taken for any breaches of that condition is provided at **Annex A** of the OfS funding agreement for the period 1 April 2018 to 31 July 2019, available at <https://www.officeforstudents.org.uk/#documents>.

## Other requirements

55. HEIs are required to subscribe to Jisc's core network package from April 2018 to July 2019.
56. HEIs must ensure that their use of JANET and SuperJANET networks conform to acceptable practice and current legislation.
57. Table I of the 2017-18 grant tables and the equivalent table in the 2018-19 grant tables identify any allocation of funds for research degree programme (RDP) supervision. We require all institutions to comply with chapter B11 of the UK Quality Code for Higher Education on PGR programmes<sup>11</sup> with respect to those departments that attract QR RDP supervision grant.

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<sup>11</sup> Chapter B11 of the UK Quality Code for Higher Education is available from [www.qaa.ac.uk/en/Publications/Documents/Quality-Code-B11.pdf](http://www.qaa.ac.uk/en/Publications/Documents/Quality-Code-B11.pdf)

58. Institutions should note the guidance on pay, in the grant letter to HEFCE of 23 February 2017<sup>12</sup> and the strategic guidance letter to OfS of 20 February 2018<sup>13</sup>.

59. There is an Exchequer interest that has built up over time in HEIs in receipt of HEFCE and OfS capital funding. These HEIs entered into an agreement with HEFCE effective from 1 August 2006 and which continues under OfS and Research England. These institutions and any others that have received capital funding since then are required to comply with the following conditions.

60. If either of the following remote events occurs, they will trigger immediate liability for the institution to repay to OfS and Research England the full amount of the Exchequer interest (as shown in the Exchequer interest register at that date). The proportion of the total liability to be repaid to each of OfS and Research England will be determined by OfS and Research England. The institution will recognise OfS and Research England as unsecured creditors until such repayment is made. If a liability to make repayment arises, OfS and Research England may agree to accept repayment of some other sum, or to delay repayment, at their absolute discretion, and such agreement may be on terms and conditions as OfS and Research England think fit.

- a. The first trigger event will be if the institution becomes insolvent, including going into liquidation or administration, or if it dissolves or transfers its undertaking to some other body (for example, by the exercise of the Secretary of State's powers under the Education Reform Act 1988), or if it experiences any analogous event.
- b. The second trigger event is if the institution ceases to be designated as eligible for OfS and Research England funding, or chooses to withdraw from its funding relationship with OfS and Research England.

61. If either of the triggers is activated, OfS and Research England have the right, but not the obligation, to request repayment. They have discretion to waive the requirement for repayment, and each has the discretion to waive the proportion of the total repayment that is liable to them. In making these decisions, they will consider the extent of any continuing public benefit arising from the use of previous HEFCE, OfS and Research England capital grants.

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<sup>12</sup> 'Funding for higher education in England for 2017-18: HEFCE grant letter from the Department for Education' available at [www.hefce.ac.uk/funding/govletter](http://www.hefce.ac.uk/funding/govletter).

<sup>13</sup> OfS strategic guidance: <https://www.officeforstudents.org.uk/media/1053/strategic-guidance-to-the-ofs-priorities-for-financial-year-2018-19.pdf>

## Payment of grant

62. Each year we determine how much money to allocate to each HEI. HEIs should use this money only for the purposes we are empowered to fund, as defined in the Further and Higher Education Act 1992 or other relevant legislation.
63. All funding provided by Research England is subject to the terms and conditions set out in this document, and in accepting funding, the institution is agreeing to comply with those conditions.
64. The institution is free to distribute internally at its own discretion all funding from Research England which is not earmarked or provided for a specific purpose, subject to that funding being used for the activities eligible for funding under section 65(2)(a) and (b) of the Further and Higher Education Act 1992, as amended. Any funds that have been earmarked or provided for a specific purpose must be used solely for the purpose for which those funds were earmarked or provided.
65. United Kingdom Shared Business Services (UKSBS) will normally pay recurrent funds to the institution on behalf of Research England in monthly instalments, in accordance with a funding profile for the whole academic year that will be notified separately. While Research England reserves the right to amend the UKSBS profile during the year, it will make adverse changes to the profile only in exceptional circumstances and following consultation with the institution.
66. The grant tables provided by HEFCE in July 2017, or as subsequently updated, show the allocations of recurrent funding for the institution for the period 1 August 2017 to 31 July 2018. HEFCE has paid a proportion of the total between August 2017 and March 2018 according to a monthly payment profile that it notified separately. The balance will be paid by UKSBS, on behalf of Research England (for research and knowledge exchange grants) and OfS (for teaching grants). These allocations may be amended subsequently in the light of any data assurance work we or the OfS carry out with individual institutions or other data amendments that we agree to accept.
67. Research England expects to issue grant tables in May 2018, showing the allocations of recurrent funding for research and knowledge exchange for the period 1 August 2018 to 31 July 2019.
68. These Research England and OfS allocations may be amended subsequently in the light of any data assurance work we or the OfS carry out with individual institutions or other data amendments that we agree to accept.

69. We reserve the right to revise any allocation to take account of changes to the grant available to us from Government, or where we believe the size of any allocation that we have announced has been affected by erroneous or incomplete data.
70. We may withhold or require an HEI to repay part or all of a grant if it does not comply with the conditions we attach to the grant or if it has been incorrectly over-funded. In cases where we require repayment we may charge interest, at 2 per cent above the Bank of England base rate, for the period before the HEI repays the funding to us.

## Changes to the grant available to us

71. The BEIS guidance to Research England of 31 March 2018 confirmed the funding available for Research England for the 2018-19 financial year (April to March) and provided indicative funding for the 2019-20 financial year and beyond. The guidance also identified the policies and priorities that should underpin our approach to funding.
72. In the light of the BEIS guidance, Research England has confirmed funding for the period April 2018 to July 2018 and agreed 2018-19 academic year budgets, assuming that the indicative funding available for the 2019-20 financial year will be confirmed. Any future changes to the grant made available to us by Government could affect the funding we are able to distribute to institutions in the 2018-19 academic year, and this may include revising allocations after they have already been announced.

## Institutional engagement, support and safeguarding actions

73. As a public sector funding body Research England must be confident that the bodies it funds have adequate and effective risk management, control and governance arrangements to protect the investment of Research England funding; and arrangements for delivering value for money (VFM) from public funds. Research England will seek to secure this confidence by:
- a. Placing reliance on the OfS's accountability framework. This has three main strands designed to give OfS the necessary confidence about the regularity, propriety and VFM of public funding, while minimising burden on the sector:
    - annual accountability return
    - assurance review
    - data assurance.

Further information about the OfS's accountability framework is set out in its terms and conditions of OfS funding. The OfS will share with Research England

its conclusions about the institution arising from activities carried out and information received under its accountability framework.

- b. Monitoring institutions' activities and strategies relating to research and knowledge exchange, including through submissions by institutions of such returns as we may require (including as described in paragraph 48) and the undertaking (or commissioning) of data assurance investigations.

74. The documents that OfS will need to assess to gain assurance over the accountability, regularity, propriety and VFM of the funding that it disburses are set out in OfS's Regulatory Notice 2 (OfS 2018.12). This continues the approach is to minimise demands on HEIs by both OfS and Research England, and as far as possible to rely on data and information that they have produced to meet their own needs.

75. The OfS's risk assessment process is described in the terms and conditions of OfS funding. OfS' assessment of an HEI's risk will be routinely shared with Research England.

76. If an HEI fails to take any agreed action OfS will seek explanations and, if appropriate and justified, issue warnings to improve.

77. If the HEI still fails to address the risks and issues then the HEI will be informed that one or more of the safeguarding actions will be applied. This is very much a last resort and an action that we would not expect to take often. Safeguarding actions may be taken by OfS and Research England, individually or together.

78. The two safeguarding actions at the disposal of OfS and Research England, which could be deployed if other routes to secure compliance are not successful, are:

- a. **Financial** – through the recovery of grant funding or the denial of access to future grant funding, including access to specific grants or to discretionary funding. This applies to both Research England and OfS grants. Ultimately Research England and OfS can withdraw funding entirely, should circumstances warrant such action.
- b. **Informational** – through making public our concerns about an HEI where there are strong grounds to do so and where this is in the public or collective student interest (both current and prospective students, and past students where relevant). This could include an entry in the legacy HEFCE register of HE providers.

79. The Agreement on Institutional Designation

<https://www.officeforstudents.org.uk/publications/agreement-on-institutional->

[designation/](#)) has been developed with Universities UK, GuildHE and the Association of Colleges to ensure that accountability for public funds continues to be effective following the Government's reforms of the funding of higher education. The Agreement is effective until the new regulatory framework is fully implemented (from 1 August 2019). Any actions that OfS might take under that Agreement may also lead to actions under these terms and conditions.

## Data assurance

80. HEIs are required to supply Research England with data to inform allocations of funding and for other purposes. The responsibility for the quality and accuracy of that data rests with the HEI. Research England relies on the institution's own data assurance processes where possible.
81. Research England monitors the reasonableness of data and undertakes verification, validation and reconciliation work between HESA data and other datasets. Research England may undertake (or commission) audits at an HEI if it deems this necessary. Data audits will assess the strength of institutional systems and controls as well as assessing the accuracy of the data submissions.
82. We and the OfS will audit data selectively in this and future funding exercises, through audit visits and other processes. We will also use data which institutions provide to HESA, HEFCE, the OfS and other organisations to verify the data institutions send directly to us. We will use the outcomes of these data audits and reconciliations to review funding allocations both for the year in question and all subsequent years.
83. If we find, either through reconciliations with HESA, HEFCE, OfS or other organisations' data, or any data audit, that erroneous data has resulted in institutions receiving incorrect funding allocations, then we will adjust these accordingly (subject to the availability of our funds). We will recover funding from an institution for any year informed by the audited or reconciled data (including any consequential effects on funding for subsequent years) unless there is evidence that an institution has deliberately not complied with the funding rules or has ignored previous HEFCE, Research England or OfS advice/recommendations. In these exceptional circumstances we may recover funding over a longer period, up to a maximum of seven years (including in relation to years when funding was provided by HEFCE).
84. Research England will place reliance on the assurances provided to the OfS from accountable officers and audit committees about the management and quality assurance arrangements for data submitted to the Higher Education Statistics Agency, the Student Loans Company, HEFCE, OfS, Research England and other bodies. This is imperative in order to improve the reliability of data which is crucial for the efficiency of our funding, the accuracy of public information and to reduce the number of significant funding

allocation adjustments arising from data corrections. Further guidance for audit committees on data assurance can be found at: [www.hefce.ac.uk/reg/guidance/audit/](http://www.hefce.ac.uk/reg/guidance/audit/).

## **Revision to terms and conditions of Research England grant**

85. We will make material revisions to this document only after consulting the higher education sector or its representative bodies, as appropriate. Because these terms and conditions are being issued before grant allocations for the 2018-19 academic year have been determined or announced, Research England reserves the right to revise or add to terms and conditions applying to specific grants for the 2018-19 academic year, in relation to monitoring arrangements or the use of funds. Any such revisions or additions will be notified to institutions in advance of the first payments of those grants.

# Annex A: Audit Code of Practice

## Overview

1. In this Audit Code of Practice (the Code) the word 'must' denotes a mandatory requirement under the terms and conditions, whereas 'should' denotes our view of good practice.
2. The Code sets out what we require higher education institutions (HEIs) to have in place to provide themselves and us with adequate assurance on good governance, internal controls, the management of risk and achieving value for money (VFM). How these requirements are met is for HEIs to decide themselves.

## Governing bodies of HEIs

3. The responsibilities of governing bodies are set out at paragraph 30 of the terms and conditions of OfS funding and paragraph 21 of the terms and conditions of UK Research and Innovation funding administered through Research England. Governing bodies are also responsible for the appointment and removal of external and internal auditors. Governing bodies are also responsible for appointing outsourced internal audit providers, on the advice of the Audit Committee, and for choosing to move between outsourced and insourced internal audit provision, also after taking advice from the Audit Committee. Staff appointments and terminations for insourced internal audit staff are a matter for management, with the Audit Committee advising on the appointment and termination of the Head of Internal Audit.

## Audit committees in HEIs

4. Each HEI must have an audit committee which follows best practice in HE corporate governance. The audit committee is responsible for assuring the governing body about the adequacy and effectiveness of:
  - risk management, control and governance
  - VFM
  - the management and quality assurance of data.
5. The Committee of University Chairs has published detailed guidance about audit committees (HEFCE 2008/06). This reflects best governance practice, and OfS and Research England expect HEIs to take account of such guidance in meeting the required



standards (see paragraph 12 below) or explain why the guidance is not being applied and good practice is not being followed.

6. An audit committee can undertake whatever work<sup>14</sup> it considers necessary to fulfil its role. This should include assuring themselves about the effectiveness of their internal audit function and their external auditors. Audit committees will only be able to provide the necessary assurances if they are supported by suitably resourced internal audit and external audit functions, operating to recognised professional standards. They should also consider evidence based assurances from management.
7. Members of the audit committee must not have executive authority. Audit committees should include a minimum of three lay members of the governing body. Audit committee members should not be members of an HEI's finance committee or its equivalent. This is because it would create a potential conflict of interest when the audit committee is considering issues involving the finance committee. If an HEI's governing body determines that cross-representation involving one member is essential, this should be the subject of an explicit, recorded resolution, which sets out the rationale for such a decision – but it should not be an option for the chair of either committee or the chair of the governing body.
8. The committee must produce an annual report for the governing body and the accountable officer. The report must cover the financial year and include any significant issues up to the date of signing the report and its consideration of the financial statements for the year. The report must be presented to and reviewed by the governing body before the audited financial statements are signed.
9. The report must include the committee's opinion on the adequacy and effectiveness of the HEI's arrangements for:
  - risk management, control and governance
  - economy, efficiency and effectiveness (VFM)
  - management and quality assurance of data submitted to the Higher Education Statistics Agency, the Student Loans Company, HEFCE, OfS, Research England and other bodies.
10. The final annual report to the governing body and the accountable officer must be shared with OfS each year, and, on request, with Research England.

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<sup>14</sup> As described in HEFCE 2008/06.

## Internal audit arrangements in HEIs

11. Internal audit is a vital element in good corporate governance since it provides governing bodies, audit committees and accountable officers with independent assurance about the adequacy and effectiveness of risk management, control and governance, and VFM.
12. Consequently each HEI must have a suitably resourced internal audit function which must comply with the professional standards of the Chartered Institute of Internal Auditors. Internal audit terms of reference must make clear that its scope encompasses all the HEI's activities, the whole of its risk management, control and governance, and any aspect of VFM delivery.
13. The internal audit service must produce an annual report which must relate to the financial year and include any significant issues, up to the date of preparing the report, which affect the opinions. It must be addressed to the governing body and the accountable officer and must be considered by the audit committee.
14. The report must include the internal auditor's opinions on the adequacy and effectiveness of the HEI's arrangements for:
  - risk management, control and governance
  - economy, efficiency and effectiveness (VFM).
15. The final annual report to the governing body must be shared with OfS each year, and, on request, with Research England.
16. The head of internal audit must have direct access to the HEI's accountable officer, the chair of the audit committee and, if necessary, the chair of the governing body.
17. Where internal audit is provided from an outside source, market testing should be undertaken at least every five years.

## External audit arrangements in HEIs

18. External audit must provide an opinion to the governing body on whether funds (including public funds) have been applied for the intended purposes and on whether the financial statements provide a true and fair view of the financial results for the year. External audit must also form a view about whether an HEI is a going concern. External auditors of HEIs do not have a duty of care to OfS and Research England.

19. HEIs may ask external auditors to provide additional services. The audit committee must agree all significant matters with a bearing on the auditor's objectivity and independence. Additional work must not impair the independence of the external audit opinion.
20. HEIs must disclose separately, by way of a note to the financial statements, the fees paid to their external auditors for other services.
21. External auditors must issue a report (or reports, if more than one, covering different stages of the annual audit) to those charged with governance which records accounting issues and control deficiencies arising from the audit. OfS and Research England would expect any issues around the use of charitable assets for non-charitable purposes to be highlighted in such reports. The HEI's management must provide written responses to any recommendations made or issues raised. The report(s), including management response, is one of the annual accountability returns which must be submitted to OfS.
22. The report(s), with management responses, must be made available to the HEI's audit committee in time to inform the committee's annual report.

## Audit report

23. The external auditors must report whether in all material respects:
  - a. The financial statements give a true and fair view of the state of the HEI's affairs, and of its income and expenditure, gains and losses, changes in reserves and cash flows for the year. They should take into account relevant statutory and other mandatory disclosure and accounting requirements, and OfS and Research England requirements.
  - b. The financial statements have been properly prepared in accordance with UK general accepted accounting principles and the 'Statement of recommended practice: Accounting for further and higher education', and relevant legislation.
  - c. Funds from whatever source administered by the HEI for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.
  - d. Funds provided by OfS and Research England have been applied in accordance with the terms and conditions attached to them.
  - e. The requirements of OfS's accounts direction have been met.
24. Auditors should have regard to the specific requirements of the terms and conditions such as compliance with those relating to increases in financial commitments thresholds,

or other issues of non-compliance, in their management letters or reports, as set out in paragraph 21 above.

25. Market testing should be undertaken at least every seven years. One named individual partner in the firm is normally responsible for the HEI's audit; he or she should not hold this position for more than ten consecutive years.

## **OfS and Research England access to auditors**

26. OfS and Research England may wish to communicate with an HEI's external or internal auditors, particularly in connection with an OfS Assurance Review and should have unrestricted access to do so. This will normally be arranged through the HEI's accountable officer or representative. OfS and Research England will exchange letters where necessary with both parties to deal with confidentiality and the terms under which access is given.

## **Provision of audit services**

27. Internal and external audit services must not be provided by the same firm or provider.

## **Auditors' access to information**

28. Internal and external auditors must have unrestricted access to information – including all records, assets, personnel and premises – and be authorised to obtain whatever information and explanations the head of internal audit service or the external auditor considers necessary.

## **Restriction on auditors' liability**

29. Where the internal audit service is provided through a contractual arrangement with an external provider, the provider may ask the HEI to agree to a restriction in the internal auditors' liability arising from any default by the auditors. Normally such liability should be without limit. However, HEIs may negotiate a restriction in liability so long as the decision is made on an informed basis and the liability remains at such a level as to provide reasonable recourse for the HEI. The governing body, through the audit committee, must be specifically notified of any request for a liability restriction.
30. HEIs must not agree to any restriction in external auditors' liability in respect of the external audit of their annual financial statements.
31. For other types of work performed by the external auditors, the provider may ask the HEI to agree to a restriction in the auditors' liability arising from any default by the auditors.

However, as with internal audit services, HEIs may negotiate a restriction in liability if the decision is made on an informed basis and the liability remains at such a level as to provide reasonable recourse to the HEI. The governing body, through the audit committee, should be notified of any liability restriction agreed.

## **Appointment, removal or resignation of internal and external auditors**

32. Governing bodies are responsible for the appointment and removal of external and internal auditors. Where auditors cease to hold office for any reason, they should provide the governing body with either a statement of any circumstances connected with their removal which they consider should be brought to the governing body's attention, or a statement that there are no such circumstances. Any such statements must also be sent to the OfS by the accountable officer.

# Annex B: Related undertakings

## Institution

33. 'Institution' means the institution including its **related undertakings**, as defined in paragraphs 2 and 3, unless such undertakings are subject to a separate funding agreement directly with OfS or separate terms and conditions of UK Research and Innovation funding administered through Research England, have been designated by the Secretary of State as institutions in the further education sector which have their own contract with the Education and Skills Funding Agency, or are schools as defined by section 4 of the Education Act 1996 or multi-academy trusts.

## Related undertakings

34. An 'undertaking' includes a body corporate, a partnership, an unincorporated association or a trust. An undertaking will normally be regarded as a related undertaking of the institution if any of the following apply:
- a. The institution controls that undertaking.
  - b. The institution and another undertaking or other undertakings related to the institution together control that undertaking.
  - c. Another undertaking or other undertakings related to the institution control that undertaking.
  - d. That undertaking is recognised by OfS and Research England as a 'connected institution', as defined by section 27 of the Teaching and Higher Education Act 1998.
  - e. We consider that the sole purpose, or one of the main purposes, of registering students at that undertaking is to avoid or minimise regulation by OfS and Research England, to optimise funding or to manipulate data for regulatory or other purposes.
  - f. We consider that the undertaking was established by or is operated for the primary benefit of the institution.
35. OfS and Research England may, at their discretion, decide to treat a related undertaking as a separate institution for funding, regulatory and other purposes if

they consider that the undertaking has a separate historic identity from its parent institution.

36. For the purpose of paragraph 2, an undertaking is under the 'control' of another if any of the following apply<sup>15</sup>:

- a. That other holds or is entitled to acquire a majority of the shares in the undertaking.
- b. That other holds or is entitled to acquire a majority of the voting rights in the undertaking.
- c. That other has or is entitled to acquire the right to appoint or remove a majority of the board of directors or other governing body of the undertaking.
- d. That other has or is entitled to acquire the right to exercise dominant influence over the undertaking by virtue of provisions contained in the undertaking's articles of association or any other constitution, control contract, memorandum of understanding or other document regulating the undertaking or any other undertaking.
- e. That other has or is entitled to acquire the right to a share of more than half the assets in the event of a winding up or in any other circumstances, or of more than half the income, of the undertaking.
- f. Both are in common or overlapping ownership or are managed on a uniform basis or have a significant number of directors (or equivalent) or senior management in common.
- g. That other has or is entitled to acquire the power, by any other means, to secure that the affairs of the undertaking are conducted in accordance with its wishes, or the undertaking is habitually conducted in accordance with the wishes of the other.

37. Where a school (as defined in paragraph 1) or multi-academy trust is under the control of the institution and delivers higher education (HE), the expectation is that

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<sup>15</sup> The expressions 'voting rights in an undertaking', 'right to appoint or remove a majority of the directors', 'right to exercise a dominant influence' and 'control contract' have the meanings given in schedule 7 to the Companies Act 2006.

HE students would be reported through the institution, but students not studying at HE level in school would be excluded.

38. Where a student union is under the control of the institution, it is excluded from the definition of related undertakings, except where it delivers higher education.



# Annex C: Definitions and abbreviations

<b>Accountable officer</b>	A senior officer (normally the head) of an institution responsible and accountable to OfS and Research England (and ultimately to Parliament) for ensuring that the institution uses OfS and Research England funds in ways that are consistent with the purposes for which those funds were given, and complies with the conditions attached to them. These include the conditions set out in the Further and Higher Education Act 1992 and in these terms and conditions of Research England grant.
<b>Accounting officer (of UKRI)</b>	As accounting officer, the chief executive of UKRI has a personal responsibility to safeguard public funds and achieve value for money as set out in HM Treasury guidance, 'Managing Public Money' and any subsequent guidance. This includes responsibility for the public funds allocated by UKRI to higher and further education institutions and other bodies for education, research and associated purposes.
<b>Accounts direction</b>	HEFCE and OfS publish an annual accounts direction, which states OfS's and Research England's financial reporting requirements. HEIs and their external auditors must comply with it.
<b>Annual Accountability Return</b>	A streamlined accountability process between OfS and institutions, linked to an assessment of institutional risk, which comprises an exchange of documents and dialogue during a specific period each year
<b>ANOC</b>	Adjusted net operating cash flow
<b>ASSUR</b>	Annual sustainability assurance reports.
<b>Governing body</b>	The university council, board of governors or other body ultimately responsible for the management and administration of the institution's revenue and property, and the conduct of its affairs.
<b>HE</b>	Higher education.
<b>HEFCE</b>	Higher Education Funding Council for England.
<b>HEI</b>	Higher education institution.
<b>HESA</b>	Higher Education Statistics Agency.
<b>JANET</b>	High-speed computer network supported by all the four higher and further education funding bodies, which links universities and colleges in the UK. SuperJANET is the enhanced network.

<b>OfS</b>	Office for Students
<b>Operating Framework</b>	The Operating Framework explains how higher education providers in England are held to account and regulated.
<b>Regularity</b>	Regularity is a public finance requirement for funds to be applied only to the extent and for the purposes authorised by Parliament.
<b>Research England</b>	The Research England committee of UKRI. References to Research England in these terms and conditions relate to UKRI functions that are exercised by its Research England committee under Section 97 of the Higher Education and Research Act 2017, but should be read as including UKRI, which retains responsibility for those functions.
<b>Secretary of State</b>	Usually refers to the Secretary of State for Education, but depending on context can refer to the Secretary of State for Business, Energy and Industrial Strategy.
<b>SLC</b>	Student Loans Company Limited.
<b>the Code</b>	HEFCE's Audit Code of Practice.
<b>UKRI</b>	United Kingdom Research and Innovation
<b>VFM</b>	Value for money.

References to the **financial position, financial statements, financial commitments or borrowings** of the institution mean the consolidated financial position, financial statements, financial commitments or borrowing of the institution and its subsidiary undertakings, as defined in the Companies Act 1985 and revised by the Companies Act 1989 and 2006, and in accordance with generally accepted accounting principles.

**Shall** and **must** denote mandatory requirements, and **should** denotes our view of good practice.